

**Memorandum of the Meeting  
Special Study Session/Meeting  
Twenty-Sixth Town Council of Highland  
Monday, August 31, 2009**

The specially called study session of the Twenty-Sixth Town Council of the Town of Highland was convened at the regular place, the Highland Municipal, 3333 Ridge Road, Highland, Indiana, in the plenary meeting chambers on **Monday, August 31, 2009** at the regular time of 7:05 o'clock p.m.

**Silent Roll Call:** Councilors Bernie Zemen, Mark Herak, Brian Novak, Dan Vassar and Konnie Kuiper were present. The Clerk-Treasurer Michael W. Griffin was present to memorialize the proceedings. A quorum was attained.

**Also present:** Kathleen Dowling, Deputy Clerk-Treasurer; Dan Stombaugh, and Jim DeGraaf of the Town Board of Metropolitan Police Commissioners; and Ed Dabrowski of the Park and Recreation Board were also present.

In addition, John Bach, Public Works Director; Peter T. Hojnicky, Metropolitan Police Chief; Kenneth J. Mika, Building Commissioner; Alex M. Brown, CPRP, Parks and Recreation Superintendent; were present.

Cynthia Singleton Clerk-Treasurer Intern; was also present.

**General Substance of Matters Discussed**

1. The special study session was called in order to offer an overview of the budget process for FY 2010 and some basic orientation.

The Town Clerk-Treasurer made a presentation assisted by powerpoint to instruct about the general legal environment in which the Town will be preparing its budget and the early challenges for preparation in FY 2010.

The presentation included a presentation on meaning of the following frequently used vocabulary in budget setting:

**Levy:** The property taxed that are imposed for each fund and the total overall.

**Fund:** The basic accounting entity for government. Each is budgeted separately. There are 21 funds that are annually budgeted by Highland. Three are budgeted by the Board of Sanitary Commissioners and the balance by the Town Council.

**Appropriation:** This is permission to spend. It is required for government funds before money may be pledged or expended and then disbursed. There are 21 funds that are annually budgeted by Highland. Three are budgeted by the Board of Sanitary Commissioners and the balance by the Town Council.

The following concept was presented:

If you have a fund with \$100 of cash and no appropriation, you cannot spend or obligate anything.

If you have a fund with \$0 of cash and \$100 appropriation, you cannot spend or obligate anything.

If you have a fund with \$100 of cash and \$100 appropriation, you can spend or obligate up to \$100.

**Maximum Levy**

This is a concept that the legislature used since 1973 -- the modern period of property tax controls. Basically, the maximum levy is the total amount of property taxes that a municipality may imposed

for operating funds. It is a cap. In most counties, it is allowed an annual growth quotient of 6 years the annual non-farm person income of Indiana. It cannot exceed 6%.

It was also noted that the maximum levy presently applies to the following funds:

In Highland it means the total property taxes levied for the following funds:

General Fund (11 departments).  
Parks and Recreation Fund  
Police Pension Fund  
Redevelopment General Fund  
Redevelopment Capital Fund\*

\* Presently has no tax levy in 2009 and none proposed in FY 2010.

**It was also reported that in Highland the maximum levy cannot exceed \$5,923,988.** This will remain the maximum levy until the County adopts a particular LOIT. (See IC 6-1.1-18.5-2), a uniquely Lake County law.

**It was further noted that the maximum levy was Highland in 2008 it was \$6,197,893.**

*It was reduced when the State assumed the costs of the 1925 pension levy except for administrative costs and the cost of the death benefit effective in FY 2009.*

**In Highland Sanitary District it means the total property taxes levied for the Sanitary District Operating Fund: \$176,239.** This will remain the maximum levy until the County adopts a particular LOIT.

The Clerk-Treasurer also identified the several Debt Service funds of the municipality. The Clerk-Treasurer defined these funds as *dedicated to repayment of tax- backed debt, that are **not** limited by the maximum levy. They may affect tax caps or the circuit breaker. It was noted that the exempt funds are those that are exempt from counting toward the circuit breaker or tax cap. This applies to debt issued in Lake County before July 1, 2008. This exemption applies until 2020.*

It was noted that debt issued after June 30, 2008 would be counted toward the tax caps. This debt could affect the collection rates of other operating funds.

**Debt Service Funds:**

*Corporate Bond and Interest \**

*Corporate Bond and Interest Exempt*

*Parks Bond & Interest Lease Exempt*

*Redevelopment Bond and Interest Exempt*

*Sanitary District Bond & Interest Exempt*

*Sanitary District Bond & Interest \**

**\* These levies will count toward tax caps.**

The Clerk-Treasurer also presented on the character of the Municipal Cumulative Capital Fund and other funds.

*The Municipal Cumulative Capital Development Fund is the state's so- called super cumulative fund. It is outside of the maximum levy control but cannot exceed a rate of 4 ¢. It also is adjusted for CVET and after reassessment is lowered by law.*

*Home Rule or Non Controlled Funds are all other funds that are not already described plus MVH and LRS, that do not have a property tax levy. The are locally controlled and are only constrained by the resources on hand.*

The Clerk-Treasurer also stressed the following distinctions.

**Balanced Budget**

A balanced budget means that the spending appropriated or approved for a fund in a given year is equal to or less than the revenue raised in the same year.

**A Funded Budget**

A funded budget means that the spending appropriated or approved for a fund in a given year is equal to or less than the revenue raised in the same year AND any funds that are on hand. A funded budget as described spends in deficit but is allowable under Indiana Law.

The Clerk-Treasurer also presented the comparison of previously approved budgets and the budgets filed by the several departments. It was noted that several departments did not heed the instruction to file no growth budgets, and absorb the currently projected increase from health insurance at 22%. The general fund was increased by \$109,436 over FY 2009. The park and recreation fund was increased by \$66,000 over FY 2009. Finally, Police Pension Fund increased by \$778 over the FY 2009 amount.

FY 2010 Town of Highland Budget Executive Summary:						
General Fund Department or Office	2007 Final	2008 Final adjd	2009 Final	2010	Percentage Increase	Delta
Clerk-Treasurer	\$150,315	\$167,567	\$167,560	\$167,560	0.00%	\$0
Town Council	\$326,949	\$272,991	\$291,991	\$291,991	0.00%	\$0
Fire Dept	\$317,250	\$353,171	\$357,435	\$357,435	0.00%	\$0
EMS	\$18,933	\$1,633				
Police Dept.	\$3,883,385	\$4,098,522	\$4,231,919	\$4,325,582	2.21%	\$93,663
Plan Commission	\$26,037	\$26,087	\$26,087	\$26,087	0.00%	\$0
BZA	\$12,029	\$12,079	\$12,079	\$12,079	0.00%	\$0
Building & Inspection	\$199,695	\$286,044	\$297,865	\$297,865	0.00%	\$0
Town Hall & Monuments	\$55,700	\$56,100	\$56,100	\$56,100	0.00%	\$0
Services/Works Brd.	\$743,676	\$759,336	\$764,046	\$764,046	0.00%	\$0
CEMA/VIP	\$16,962	\$17,000	\$22,470	\$22,470	0.00%	\$0
Sanitation & Solid Waste	\$1,572,562	\$1,664,674	\$1,721,584	\$1,737,357	0.92%	\$15,773
Town Manager	\$42,196	\$0				
<b>General Fund Total</b>	<b>\$7,365,689</b>	<b>\$7,715,204</b>	<b>\$7,949,136</b>	<b>\$8,058,572</b>	1.38%	<b>\$109,436</b>
Park Genl Fund	\$1,837,520	\$1,802,720	\$1,858,000	\$1,924,000	3.55%	\$66,000
Police Pension Fund	\$722,396	\$723,506	\$748,362	\$749,140	0.10%	\$778
Hydrant Rental Fund						
Redevelopment General	\$160,985	\$128,028	\$155,160	\$154,974	-0.12%	(\$186)
Redevelopment Capital	\$200,000	\$429,000	\$400,100	\$400,100	0.00%	\$0
MVH Fund	\$856,651	\$858,698	\$980,161	\$886,071	-9.60%	(\$94,090)
LRS Fund	\$275,449	\$294,499	\$394,449	\$294,449	-25.35%	(\$100,000)
CCI Fund	\$108,500	\$182,500	\$182,000	\$73,228	-59.76%	(\$108,772)
Park Bonds & Lease Fund EXEMPT	\$345,903	\$534,466	\$537,278	\$533,017	-0.79%	(\$4,261)
Corporation Bonds Fund	\$0	\$0	\$0	\$276,163	#DIV/0!	\$276,163
Corporation Bonds Fund EXEMPT	\$360,444	\$347,274	\$325,164	\$134,525		(\$190,639)
LOCAL MAJOR MOVES FUND	\$559,860	\$23,339			#DIV/0!	\$0
MCCD Fund	\$344,214	\$545,376	\$155,846	\$356,846	128.97%	\$201,000
Law Enfrmnt Cont' Ed	\$27,702	\$30,000	\$31,400	\$34,600	10.19%	\$3,200
Park/VIPS Public Safety Fund	\$0	\$0	\$6,000	\$6,000		\$0
Solid Wst Mngrmt Grant Fund	\$116,460	\$122,795	\$122,975	\$151,365	23.09%	\$28,390
Redevelopment Bond & Int EXMPT	\$439,852	\$620,793	\$607,281	\$479,916	-20.97%	(\$127,365)
Parks Non Reverting Operating	\$54,165	\$0				
IT and Communications Fund	\$171,347	\$180,926	\$182,090	\$188,590	3.57%	\$6,500
Special Events Non Reverting Fund		\$55,780	\$55,780	\$56,600	1.47%	\$820
<b>Totals:</b>	<b>\$13,947,137</b>	<b>\$14,594,905</b>	<b>\$14,691,182</b>	<b>\$14,758,156</b>	0.46%	<b>\$66,974</b>

FY 2010 Sanitary District of Highland Executive Summary:						
Sanitary District	2007	2008	2009	2010	Percentage Increase	Delta
Sanitary District Operating Fund	\$222,804	\$227,600	\$227,599	\$227,599	0.00%	\$0
Sanitary District Bond & Interest Fund	\$0	\$0	\$0	\$561,861		\$561,861
Sanitary District Bond & Interest Fund	\$155,956	\$563,268	\$558,937	\$543,292	-2.80%	(\$15,645)
<b>Totals:</b>	<b>\$378,760</b>	<b>\$790,868</b>	<b>\$786,536</b>	<b>\$1,332,752</b>	69.45%	<b>\$546,216</b>

Councilor Kuiper inquired whether or not other taxes were available to the municipality, such as income, wheel, food & beverage and sales taxes. He was advised that these were not available to the municipality. The discussion included a discussion of when and how user fees may be raised and the possibility of seeking a rate of return or a return on investment from its two utilities that would produce extra revenue that could be dedicated to the Town's General Fund. The Clerk-Treasurer indicated that he was not advocating for that approach but was informing the Town Council of its options.

The Town Council would be conducting meetings with department heads in separate meetings beginning with the rescheduled study session of Tuesday, September 9, 2009.

There being no further business to come before the Town Council, the regular study session of the Town Council, of **Monday, August 31, 2009**, was adjourned 8:26 o'clock p.m.

Michael W. Griffin, IAMC/MMC/CPFA  
Clerk-Treasurer